

DISABILITY INSURANCE PROGRAM

As a worker-funded program, the State Disability Insurance (SDI) program contributes to the economic security of California by providing affordable benefits to eligible workers. The SDI program provides benefits to workers who are unable to work due to non work-related illness, injury, or pregnancy. Although work-connected disabilities are covered by Workers' Compensation laws, SDI benefits may also be paid for work-related illnesses or injuries under certain circumstances prescribed by law.

Background

Disability insurance was added to the California Unemployment Insurance Code in 1946. California, Rhode Island, New Jersey, New York, Hawaii, plus the Commonwealth of Puerto Rico, are the only states that provide disability insurance for their work force. California has become a model in SDI implementation and a pioneer in innovative procedures. California was:

- The first state to authorize voluntary plans for disability insurance coverage.
- The first state to provide SDI coverage for agricultural workers.
- The first state to give self-employed persons coverage on an elective basis.
- The first state to provide benefits to clients recovering from alcohol dependency or drug-induced illnesses while in residence in authorized recovery facilities. (Maximum coverage is 90 days.)

The maximum weekly benefit is \$728 for disabilities beginning on or after January 1, 2004. In 2002, benefits paid totaled approximately \$3.2 billion.

Who is Covered by SDI?

Approximately 12.8 million California workers are covered by the SDI program. The law requires coverage for employees working for employers with payrolls in excess of \$100 in a calendar quarter. There are a few exceptions. Those specifically excluded are:

- Some domestic workers.

- Some governmental employees.
- Employees of interstate railroads.
- Employees of some nonprofit agencies.
- Individuals claiming a religious exemption.

Some workers who are not required to participate but may elect SDI coverage include:

- Individuals who are employers (sole proprietorships and partnerships).
- Self-employed persons. (See the *Disability Insurance Elective Coverage Fact Sheet*, DE 8714CC.)
- Individuals in otherwise excluded family employment.
- Out-of-state entities of California employers.
- Some governmental employees.

State Plan

The California SDI program has both a State Plan and Voluntary Plans. State Plan coverage is mandatory for insured employees unless an employer, with the consent of his/her employees, chooses Voluntary Plan coverage. Administered by the Employment Development Department (EDD), the State Plan is financed entirely by California workers through a payroll tax on their earnings.

Effective January 1, 2004, the State Disability Insurance (SDI) withholding rate increased to 1.18 percent (.0118).

The SDI taxable wage limit is \$68,829 per employee for calendar year 2004. Both the wage limit and the tax rate are set by law.

Taxes collected go into the Disability Fund and may be used only for payment of SDI benefits and SDI program administration.

Voluntary Plan

A Voluntary Plan is a private plan approved by the Director of the State Employment Development Department. It may be substituted for the State Plan if the Voluntary Plan matches the State Plan's benefits, provides at least one greater benefit, and costs the employee no more than the State Plan.

About 3.8 percent of California's workers covered by SDI are covered through Voluntary Plans.

Employers and employee groups may establish Voluntary Plans with mutual consent of the employer and a majority of the employees. An employee may choose State Plan coverage even though a Voluntary Plan is available where he/she works.

Eligibility and Benefits

SDI benefits are payable when a covered employee suffers a wage loss and cannot work due to pregnancy or illness/injury not related to his/her job. Additionally, when an insured employee is entitled to temporary or permanent Workers' Compensation or a maintenance allowance at a rate less than the daily SDI benefit amount, he/she may be entitled to SDI benefits.

For disabilities beginning on or before December 31, 2003, benefits range from \$50 to a maximum of \$602 per week, and are payable for a maximum of 52 weeks.

For disabilities beginning on or after January 1, 2004, benefits range from \$50 to a maximum of \$728 per week, and are payable for a maximum of 52 weeks.

To receive benefit payments, a person must:

- File a claim in accordance with regulations.
- Serve a 7-day nonpayable waiting period.
- Have been paid at least \$300 in wages, subject to SDI taxes, during the 12-month base period of the claim.
- Submit to a reasonable medical examination, if required.
- File a certificate of disability signed by a duly authorized medical or religious practitioner.

Claims are filed by mail, and checks are usually mailed to clients every 2 weeks.

Disqualifications

The SDI program is committed to program integrity and will take all possible measures to detect and deter fraud and protect client benefits. No SDI payments can be made to persons who willfully make false statements or withhold material facts to gain benefits.

A client is ineligible for disability benefits:

- When receiving Unemployment Insurance or Paid Family Leave payments.
- When receiving full wages (benefit payments and wages added together are limited to the total weekly wage, excluding overtime pay, immediately prior to the disability).
- When in legal custody as a result of a conviction or when confined by a court order.
- If religious exemption from SDI taxes has been filed.
- If the client is no longer in the labor market.
- When receiving Workers' Compensation at a weekly rate equal to or greater than the SDI rate.

Appeals

All clients have the right of appeal to an impartial Administrative Law Judge (ALJ) concerning determinations of eligibility or benefit amounts. Further appeal from an ALJ's decision may be filed with the Unemployment Insurance Appeals Board, or the Board may set aside the ALJ's decision on its own motion. Decisions of the Board may be reviewed by the courts.

Social Security

If a person is permanently disabled, he or she should contact the Social Security Administration for information about benefits under its programs. The individual also should apply for State Disability Insurance, as receiving Social Security does not conflict with SDI. For additional information, telephone the Social Security Administration at 1-800-772-1213.

State Employees

EDD administers a separate Nonindustrial Disability Insurance (NDI) program for State employees.

Paid Family Leave

In 2002, legislation was enacted to extend disability compensation to cover individuals who take time off of work to care for a seriously ill child, spouse, parent, domestic partner, or to bond with a new minor child. The Paid Family Leave insurance program will be administered by the California SDI program. California workers who are covered by SDI will also be covered for Paid Family Leave insurance benefits commencing on or after July 1, 2004. (Please see the *Paid Family Leave Fact Sheet*, DE 8714CF for further information.)

For More Information

For additional information on the SDI program, please visit EDD's Internet site at www.edd.ca.gov, or call our SDI program representatives at 1-800-480-3287. TTY access is available at 1-800-563-2441.